

Message Text

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PAGE 01 STATE 200697

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DRAFTED BY EB/FTD:AJWILLIAMS:HM

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USDA - GRATHELL

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EA/TB - JKLEMSTINE

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FM SECSTATE WASHDC

TO AMEMBASSY MANILA

C O N F I D E N T I A L STATE 200697

E.O. 11652:GDS

TAGS:ETRD, RP

SUBJECT: COTTON CONTRACTS

REF: BANGKOK 14369

FOR AMBASSADOR AND ECON COUNSELOR ONLY

1. REGARDING QUESTION IN PARA 3 REFTEL CONCERNING SHIPPERS' PLANS, WE UNDERSTAND FROM VICTOR FRIEDMAN ACEA LAWYER THAT MOST AND PROBABLY ALL HIGH-PRICED COTTON CONTRACTS WITH THAI MILLS HAVE NOW BEEN CANCELLED AND PLACED IN ARBITRATION. A NUMBER OF ARBITRATION AWARDS HAVE ALREADY BEEN GRANTED SHIPPERS AND SOME OF THESE AWARDS HAVE BEEN SUBSEQUENTLY REGISTERED WITH COURTS IN EAST ASIAN PORT CITIES. THIS HAS ALLOWED SHIPPERS TO ATTACH COTTON ON SHIPS CALLING AT THESE PORTS SHOULD IT BELONG TO MILLS NAMED IN REGISTERED ARBITRATION AWARDS. WE UNDERSTAND FOUR BOATLOADS OF COTTON HAVE BEEN ATTACHED SO FAR.

2. FRIEDMAN DOES NOT BELIEVE THIS ACTION WILL PUT
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SUFFICIENT PRESSURE ON THAI MILLS TO PERSUADE THEM TO

ARRANGE SETTLEMENT OF CANCELLED HIGH PRICE CONTRACTS. IT
MAY, HOWEVER, ALLOW SHIPPERS TO RECOVER SOME OF THEIR LOSSES.

3. FRIEDMAN HAS ASKED THAT THIS INFORMATION NOT BE
PASSED TO THAIS IN ANY FORM FOR FEAR THAI MILLS WILL THEN
BEGIN BUYING OR DOCUMENTING COTTON UNDER FALSE NAMES,
RENDERING LEGAL ACTION OF THIS NATURE VERY DIFFICULT.

4. REPLY ON OTHER ISSUES DISCUSSED REFTEL IS BEING
PREPARED. ROBINSON

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